

# County of Santa Barbara

## Comprehensive Annual Financial Report (CAFR)

Fiscal Year Ended June 30, 2012



*JALAMA BEACH*

# CAFR Fiscal Year Ended 6/30/12

## Agenda

1. What is the CAFR?
2. Reviewing Fund Balance Categories
3. Financial Highlights
4. Future Governmental Accounting Standards Board (GASB) Pronouncements
5. Questions

# CAFR Background

- Annual audit required
- Contract with independent CPA firm
- Over the years, expanded reporting requirements have added complexity
- Received an unqualified (“clean”) opinion for FY 11-12

# CAFR Highlights

- Introductory Section – Letter of Transmittal (pp. 1-7)
- Financial Section
  - Independent Auditor’s Report (pp. 9-10)
  - Management’s Discussion & Analysis (MD&A) (pp. 11-28)
  - Statement of Net Assets – Entity-wide (p. 30)
  - Statement of Activities – Entity-wide (p. 31)
  - Statement of Revenues, Expenditures & Changes in Fund Balances – Governmental Funds (p. 33)
  - Notes to Financial Statements (pp. 46-98)
    - Cash & Investments (pp. 60-63)
    - Long-term Liabilities (pp. 71-79)
    - Commitments & Contingencies (pp. 81-83)
    - Fund Balances (pp. 85-86)
    - Retirement & Other Postemployment Benefits (pp. 90-95)
    - Subsequent Events (p. 97)
- Statistical Section (pp. 149-166)

# New Fund Balance Categories

## GASB 54 Fund Balance Categories:



# New Fund Balance Categories

COUNTY OF SANTA BARBARA, CALIFORNIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2012 (in thousands)

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>	<u>\$ 111,213</u>	<u>\$ 26,921</u>	<u>\$ 29,235</u>	<u>\$ 22,493</u>	<u>\$ 27,096</u>	<u>\$ 61,334</u>	<u>\$ 63,756</u>	<u>\$ 342,048</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Total liabilities	<u>25,304</u>	<u>9,069</u>	<u>7,955</u>	<u>15,111</u>	<u>17,919</u>	<u>588</u>	<u>21,998</u>	<u>97,944</u>
Fund balances (Note 16):								
Nonspendable	8,780	--	--	364	--	21	201	9,366
Restricted	17,536	17,852	17,399	3,685	11,966	60,725	37,383	166,546
Committed	52,002	--	3,881	2,729	--	--	2,994	61,606
Assigned	--	--	--	604	--	--	1,213	1,817
Unassigned	7,591	--	--	--	(2,789)	--	(33)	4,769
Total fund balances	<u>85,909</u>	<u>17,852</u>	<u>21,280</u>	<u>7,382</u>	<u>9,177</u>	<u>60,746</u>	<u>41,758</u>	<u>244,104</u>
Total liabilities and fund balances	<u>\$ 111,213</u>	<u>\$ 26,921</u>	<u>\$ 29,235</u>	<u>\$ 22,493</u>	<u>\$ 27,096</u>	<u>\$ 61,334</u>	<u>\$ 63,756</u>	<u>\$ 342,048</u>

COUNTY OF SANTA BARBARA, CALIFORNIA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

(in thousands)

16. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2012 is as follows:

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable in form:</b>								
Teeter Tax Losses	\$ 6,627	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 6,627
Receivables	2,103	--	--	--	--	21	195	2,319
Prepays/Deposits	50	--	--	364	--	--	6	420
Total nonspendable fund balance	8,780	--	--	364	--	21	201	9,366
<b>Restricted for:</b>								
Purpose of Fund	845	11,197	1,102	3,433	7,874	47,509	21,117	93,077
Allocated for Capital Outlay	311	2,875	--	--	--	12,917	1,444	17,547
Health Care Programs	--	--	12,048	--	--	--	--	12,048
COP Proceeds	70	--	--	--	--	--	5,351	5,421
FY 12/13,13/14 Operating Plans	--	532	2,754	125	67	201	167	3,846
Local Realignment 2011	2,784	--	--	--	1,051	--	--	3,835
Public Safety Prop 172	2,848	--	--	--	--	--	--	2,848
Measure A Roads Funds	--	2,704	--	--	--	--	--	2,704
Inventories/Held for Resale	--	--	--	--	--	--	2,700	2,700
Debt Service	--	--	--	--	--	--	2,669	2,669
P&D Offsite Mitigation	2,246	--	--	--	--	--	--	2,246
MHSA Prudent Reserve	--	--	--	--	2,242	--	--	2,242
PHD Special Projects	--	--	1,471	--	--	--	--	1,471
Housing Trust Funds	--	--	--	--	--	--	1,330	1,330
Donations	153	--	--	32	--	--	1,004	1,189
Sheriff Categorical Grants	1,165	--	--	--	--	--	--	1,165
DMV/Livescan	--	--	--	--	--	--	1,140	1,140
Recorder Modernization	1,014	--	--	--	--	--	--	1,014
Forfeiture Penalty	942	--	--	--	--	--	--	942
Probation YOBG	778	--	--	--	--	--	--	778
Los Prietos Donation	640	--	--	--	--	--	--	640
Probation LESF/COPS	574	--	--	--	--	--	--	574
Road Infrastructure Mitigation	--	519	--	--	--	--	--	519
Alcoholism Programs	--	--	--	--	516	--	--	516
Assessor AB818	486	--	--	--	--	--	--	486
Maintenance-Casa Nueva Bldg	477	--	--	--	--	--	--	477
Survey Monument	382	--	--	--	--	--	--	382
Gaviota Bikeway	317	--	--	--	--	--	--	317
Recorder Operations	268	--	--	--	--	--	--	268
Public Arts Program	266	--	--	--	--	--	--	266
Vital Records	227	--	--	--	--	--	--	227
Unrealized Gains	--	22	21	22	10	98	52	225
Recorder Micrographics	218	--	--	--	--	--	--	218
State - CDBG	--	--	--	--	--	--	176	176
Dispute Resolution	--	--	--	--	--	--	149	149
State Off Hwy Fee	147	--	--	--	--	--	--	147
Probation Programs	125	--	--	--	--	--	--	125
ADP SAPT Block Grant Set-A-side	--	--	--	--	105	--	--	105
Animal Control Programs	104	--	--	--	--	--	--	104
Drug Abuse Programs	--	--	--	--	96	--	--	96
Parks Projects	--	--	--	--	--	--	82	82
Recorder Redaction	81	--	--	--	--	--	--	81
DSS Childrens Trust	--	--	--	58	--	--	--	58
DARE	40	--	--	--	--	--	--	40
Real Estate Fraud	28	--	--	--	--	--	--	28
Imprest Cash	--	1	3	15	5	--	2	26
School Safety AB186	--	2	--	--	--	--	--	2
	17,536	17,852	17,399	3,685	11,966	60,725	37,383	166,546

COUNTY OF SANTA BARBARA, CALIFORNIA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012  
(in thousands)

16. FUND BALANCES - CONTINUED

A detailed schedule of fund balances at June 30, 2012 continued:

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Other Govern-mental Funds	Total Govern-mental Funds
<b>Committed to:</b>								
Strategic Reserve	21,831	--	--	--	--	--	--	21,831
Audit Exceptions	5,220	--	--	--	--	--	--	5,220
Salary & Benefits Reductions	5,126	--	--	--	--	--	--	5,126
Purpose of Fund	3	--	--	2,729	--	--	1,162	3,894
Health Care Programs	--	--	3,869	--	--	--	--	3,869
Program Restoration	3,776	--	--	--	--	--	--	3,776
Treas Tax Collector Projects	2,143	--	--	--	--	--	--	2,143
Facilities Maintenance	2,054	--	--	--	--	--	--	2,054
Litigation	1,801	--	--	--	--	--	--	1,801
Contingencies	1,215	--	--	--	--	--	--	1,215
Parks Projects	98	--	--	--	--	--	1,023	1,121
Auditor Systems Maint/Develop	1,092	--	--	--	--	--	--	1,092
Clerk Record Assessor Projects	1,037	--	--	--	--	--	--	1,037
New Jail Operations	1,000	--	--	--	--	--	--	1,000
Elections Voting Equipment	916	--	--	--	--	--	--	916
General Services Projects	561	--	--	--	--	--	324	885
Human Resources Programs	684	--	--	--	--	--	--	684
Sheriff Projects	169	--	--	--	--	--	483	652
County Executive Programs	603	--	--	--	--	--	--	603
General County Programs	431	--	--	--	--	--	--	431
P&D Land Use System	420	--	--	--	--	--	--	420
District Attorney Programs	381	--	--	--	--	--	--	381
Planning/Development Projects	365	--	--	--	--	--	--	365
Recorder Automation/Operations	247	--	--	--	--	--	--	247
Unrealized Gains	163	--	8	--	--	--	2	173
Public Defender Programs	113	--	--	--	--	--	--	113
Rental Maintenance	99	--	--	--	--	--	--	99
Accumulated Capital Outlay	98	--	--	--	--	--	--	98
Probation Programs	94	--	--	--	--	--	--	94
Road Projects	81	--	--	--	--	--	--	81
Replacement Benefits Plan	63	--	--	--	--	--	--	63
Building & Safety Permitting	40	--	--	--	--	--	--	40
Ag Commissioner Projects	25	--	--	--	--	--	--	25
Imprest Cash	22	--	--	--	--	--	--	22
Housing Programs	21	--	--	--	--	--	--	21
Toxic Waste Monitoring	10	--	--	--	--	--	--	10
Tobacco Settlement	--	--	4	--	--	--	--	4
	<u>52,002</u>	<u>--</u>	<u>3,881</u>	<u>2,729</u>	<u>--</u>	<u>--</u>	<u>2,994</u>	<u>61,606</u>
Assigned to purpose of fund:	--	--	--	604	--	--	1,213	1,817
Unassigned fund balance:	<u>7,591</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(2,789)</u>	<u>--</u>	<u>(33)</u>	<u>4,769</u>
Total fund balances	<u>\$ 85,909</u>	<u>\$ 17,852</u>	<u>\$ 21,280</u>	<u>\$ 7,382</u>	<u>\$ 9,177</u>	<u>\$ 60,746</u>	<u>\$ 41,758</u>	<u>\$ 244,104</u>

# Financial Highlights

- Summarizes the County's finances into a more 'reader-friendly' format than the CAFR
- FY 11-12 theme: "Emerging Growth"



## FINANCIAL HIGHLIGHTS

COUNTY OF SANTA BARBARA, FISCAL YEAR ENDED JUNE 30, 2012

August 29, 2012

**Board of Supervisors:**  
 Salud Carbajal, Vice-Chair, First District  
 Janet Wolf, Second District  
 Doreen Farr, Chair, Third District  
 Joni Gray, Fourth District  
 Steve Lavagnino, Fifth District

**County Executive Officer**  
 Chandra L. Wallar

**County Auditor-Controller**  
 Robert W. Geis, CPA, CFPO

Visit the County's web site at [www.countyofsb.org](http://www.countyofsb.org)

View the Highlights on-line at [www.countyofsb.org/auditor](http://www.countyofsb.org/auditor)

E-mail us your comments at [geis@co.santa-barbara.ca.us](mailto:geis@co.santa-barbara.ca.us)



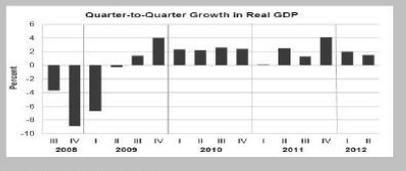
**ECONOMIC INDICATORS**

Following twelve quarters of positive Gross Domestic Product (GDP) at the national level, the County economy is starting to show evidence of emerging growth. Local unemployment remains high but notably decreased by 1% to 7.9%. The housing market experienced another bout of price depreciation but there is a slight upturn in building permits and new housing starts, while consumer spending and tourism improved for the second consecutive year.

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**Quarter-to-Quarter Growth in Real GDP**



U.S. Bureau of Economic Analysis

**FINANCIAL INDICATORS**

County tax revenues are also showing signs of emerging growth due to the economy. While growth in property tax revenue remains weak for the fourth consecutive year, positive signs include local sales tax growth of 5.7% last year and 5.8% this year. Proposition 172, the statewide Public Safety ½ cent sales tax, increased 6% last year and 9.5% this year. Local Transient Occupancy Tax increased 17% last year and 8.5% this year.

PUBLISHED BY THE COUNTY AUDITOR-CONTROLLER, ROBERT W. GEIS, CPA, CFPO (805) 568-2100

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# Certificates of Achievement

- CAFR and Financial Highlights have been submitted to the Government Finance Officers Association's Certificate of Achievement program
- CAFR has received award of excellence for 21 consecutive years
- Financial Highlights has received award of excellence for 15 consecutive years

# Future GASBs

(listed on CAFR page 58)

## Future Government Accounting Standards Board (GASB) Statements

GASB Statements Nos. 60-68 listed below will be implemented in future financial statements:

Statement No. 60	<i>Accounting and Financial Reporting for Service Concession Arrangements</i>	The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.
Statement No. 61	<i>The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34</i>	The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012.
Statement No. 62	<i>Codification of Accounting and Financial Reporting Guidance</i>	The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.
Statement No. 63	<i>Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position</i>	The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.
Statement No. 64	<i>Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53</i>	The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.
Statement No. 65	<i>Items Previously Reported as Assets and Liabilities</i>	The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.
Statement No. 66	<i>Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62</i>	The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.
Statement No. 67	<i>Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25</i>	The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2013
Statement No. 68	<i>Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27</i>	The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.

# Pension Accounting & Reporting (GASB 68)

	<b>Current</b>	<b>Future</b>
	<b>GASB 27</b>	<b>GASB 68</b>
<b>County Pension Liability</b>	<b>none - unless annual required contribution (ARC) is not made</b>	<b>must report proportionate share of the net pension fund liability</b>
<b>County Pension Expense</b>	<b>pension expense is based on contractually required contribution</b>	<b>pension expense is based on proportionate share of total pension fund expense</b>

# Estimated Pension Liability & Expense Per GASB 68

	Total Pension Fund	County Estimate
County Percentage of Pension Fund (based on FY 2010-11 Contributions)	n/a	91.5%
Liability	\$742 million (UAAL)	\$679 million
Expense	\$110 million	\$100 million



# Action Items

- Acting as the Board of Supervisors, receive and file the County's CAFR and Financial Highlights for Fiscal Year 2011-2012.

# Questions?



*JALAMA BEACH*